

# THE CO-OPERATIVE FEDERATION OF VICTORIA

225 Swanston Street, Melbourne, Victoria 3000, Australia  
Telephone: (03) 663 1674  
Postal Address: G.P.O. Box 5211AA, Melbourne, Victoria 3001, Australia

31st May, 1983.

Dr. J.G. Edgar,  
Acting Director General,  
Ministry of Employment & Training,  
Nauru House,  
80 Collins Street,  
MELBOURNE VIC. 3000

Dear Dr. Edgar,

I am pleased to forward to you a Review and Future Planning Submission by the Cooperative Business Advisory Service of the Cooperative Federation of Victoria, for your Ministry's consideration.

This Submission is in part a response to a request by the Coordinator of the Cooperative Development Programme to consider the amalgamation of the current support services of the Cooperative Business Advisory Service and the Cooperative Education and Training Unit and also in part a result of a review and planning process undertaken by the Business Advisory Service as it nears the end of its current funded period.

After and subject to the current evaluation of the Cooperative Development Programme your Ministry is requested to approve in principle the restructuring of the Support Services outlined in this Submission and in particular, at this stage, the more immediate changes outlined in Part 1 Stages 1 to 5. Upon such approval a detailed budget and implementation time line for those Stages would be submitted for your Ministry's consideration.

Part 2 "A Proposal for the Establishment of a Cooperative Development Agency in Victoria" has been intentionally constructed so that it can be widely circulated for analysis and discussion. The Business Advisory Service sees one of its functions as acting as a facilitator in this regard.

Copies of this Submission will be made available at your request.

I look forward to the outcome of your considerations and would be only too happy to discuss any aspect of this Submission.

Yours sincerely,

*Brian Greer*

Brian Greer,  
Cooperative Business Advisor

c.c. David Griffiths

REVIEW AND FUTURE PLANNING SUBMISSION  
BY THE COOPERATIVE BUSINESS ADVISORY SERVICE  
COOPERATIVE FEDERATION OF VICTORIA

---

24th MAY, 1983

## REVIEW AND FUTURE PLANNING SUBMISSION

### COOPERATIVE BUSINESS ADVISORY SERVICE

#### PART 1

---

*This Submission is divided into two Parts. The second part, titled "A Proposal For The Establishment Of A Cooperative Development Agency In Victoria", represents the culmination of an extensive review by the Cooperative Business Advisory Service of the support services currently being provided under the Cooperative Development Program manifested in a detailed plan for the future.*

*Whilst reading Part 1 therefore please keep in mind that the fuller, overall view is contained by Part 2.*

#### THE COOPERATIVE BUSINESS ADVISORY SERVICE

Since its inception in July 1981 the Business Advisory Service (staffed then by one Business Advisor and joined in early 1982 by an Administrative Assistant) has had its resources spread over a variety of activities associated with the Cooperative Development Program. Apart from directly providing a business advisory service for the cooperatives in the Program, the other activities have included:

1. Substantial input, by way of providing opinions on Applications, to the Program's Funding Committee.
2. Taking part in the activities of the Cooperative Federation of Victoria.
3. Input into the development of the Cooperative Development Program's structure and, in particular, research work into the question of the provision of loans to cooperatives.
4. A part in the initiation and early development of the Education and Training Unit.
5. General promotional work of the Cooperatives and the Cooperative Development Program.

Referring to point 1, whereas the Business Advisory Service has both benefitted from, and accepted, the role of providing opinions to the Funding Committee in the Program's early development, it welcomes the recent decision to discontinue that obligation for reasons of conflict of interest - also because it was a time consuming exercise and these resources are needed to continue to develop an effective support service for the cooperatives.

There has been a range of cooperative business advisory services offered which have been taken up by the cooperatives, some of which are no longer in the Program. These services have been provided by way of advice, counselling, assisting, information and, wherever possible, transferring skills.

The services include:

- (A) MANAGEMENT: Business planning and implementation; Management planning and priority setting; Management decision-making; Organizational structures; Recruitment of skilled personnel.
- (B) ACCOUNTING: Establishing accounting systems and bookkeeping functions and identifying accounting resources; Interpretation of financial statements for directors and workers; Budgeting.
- (C) MARKETING: Identifying resources that can help cooperatives to develop relevant market strategies; Establishing sales functions; Organising resources for feasibility studies.
- (D) PRODUCTION: Developing production systems for quality, quantity and cost control.
- (E) LEGAL: Cooperative formation and compliance with the Cooperation Act.

Some of the important lessons for future planning learnt from operating these services include:

1. The Business Advisory Service has been automatically made available to any cooperative that has joined the Program. In responding to requests the Business Advisory Service has found that a small group of cooperatives have taken up a lot of the Service's time and resources because of their relative underdevelopment and/or the magnitude of their problems. This has meant that:
  - (a) More successful but less problem oriented cooperatives' enterprises have been paid less attention.
  - (b) Because of the time spent on those cooperatives plus the thin spreading of limited resources over the activities outlined above, the Business Advisory Service has found itself in a "crisis" oriented situation rather than a "prevention" oriented situation.

Together with other changes outlined in Part 2, it is submitted that a "Service Agreement" approach will go far towards correcting this problem. (refer Part 2, 7:1).

2. The Business Advisory Service has found that in the process of servicing cooperatives needs -
  - (a) It has performed an educative function as well as an advisory function e.g. teaching how to construct a business plan, how to interpret financial statements, how to organize priorities in management.
  - (b) It has been involved in the cooperative aspects e.g. the relationship between collective decision-making and operating as a small business.

This is one of the reasons for submitting that the notion of a division between a Cooperative Business Advisory Service and a Cooperative Education and Training Unit is an inappropriate one. In Part 2, 5:2 Object 2 part 1, a new reconstructed approach is suggested.

3. The Business Advisory Service submits that it has been reasonably successful in servicing the high level of demand in areas (A) Management and (B) Accounting, and also in areas (D) Production and (E) Legal, although the latter two areas have been less in demand and occupied less time.

Marketing (C) is an area in which there has been a high demand and it is the one in which the Business Advisory Service has encountered the most difficulty. The Business Advisory Service has relied almost exclusively on the services of consultants here for both feasibility studies and ongoing market/selling support. It is difficult to gauge accurately the success or otherwise of market consultants because of the number of factors involved, e.g. the business idea itself, the cooperative's own selling skills. Overall, however, it is the Business Advisory Service's assessment that the use of marketing consultants so far has not entirely satisfied all of those cooperatives who have used their services and indeed this has possibly deterred others from seeking marketing assistance. The Business Advisory Service has identified the following as likely reasons for the difficulties encountered :

- (a) The lack of availability of market consultants suitable to small businesses. ?
- (b) The limited surplus time that has been available to the Business Advisory Service to seek out market consultants.
- (c) The lack of marketing expertize within the current Business Advisory Service.
- (d) Factors 1-3 mean that a cooperative has not been offered a choice of market consultants.
- (e) The difficulty of applying market consulting strategies to cooperative businesses who have no previously established sales function.
- (f) The economic climate has made the successful implementation of market strategies/selling difficult.

The Business Advisory Service recognises the vital importance of attending to the "front end of the business" by the establishment of several relevant marketing strategies combined with collective sales functions. Part 2 tackles this problem by advocating the need for a marketing person within the Advisory Services with a specific brief including, hands-on work, the development of a bigger band of consultants and also the facilitation of joint marketing ventures between, and for, cooperatives. (See Job Requirements:Marketing Person Part 2, Section 8:0).

4. To the extent that it has affected the Business Advisory Service, the newness of this type of cooperative activity and the corresponding lack of a firm information base from which to work has hampered operations, e.g. in areas such as collective management decisions, workers' equity and suitable legislation. Part 2 stresses the need to build such an information base and the need for effective distribution of such information by research on specific topics.

The Cooperative Business Advisory Service, along with the Cooperative Development Program as a whole, is relatively new and has developed quite fast in a new area under difficult economic conditions. Within this context and with the resources it has had at its disposal the Business Advisory Service submits that it has performed reasonably well. However, it is felt that in order to continue to meet the needs of the nineteen (19) cooperatives currently in the Program (apart from any new cooperatives or new directions e.g. conversion cooperatives) it is now necessary to take stock of what has been learnt from providing this support service so far and to make some necessary changes.

The Business Advisory Service, in analysing its own activities and looking at the lessons learnt (as indicated above) has come to the conclusion that the only really effective way of making those necessary changes is by a complete restructuring of the support services as a whole i.e. The Cooperative Business Advisory Service and the Cooperative Education and Training Service.

The Draft Proposal which forms Part 2 of this Submission essentially draws up a restructured support service proposal. There are some elements such as organizational structural matters which will need lengthy debate but it is submitted that there are many elements, mostly operational ones, which are necessary improved extensions of the existing support services and ought to be implemented as soon as possible. The following "Stages" are put forward for consideration as a way of restructuring the current support services whilst working towards the formation of a Cooperative Development Agency in its entirety.

Before considering these "Stages" it is recommended that Part 2 of this Submission be read in full. Of course, it is fully recognized that this submission is subject to the Cooperative Development Program's current evaluation.

RECONSTRUCTION STAGES

The Cooperative Business Advisory Service, whilst continuing on as is :

- STAGE 1            (i) Moves to premises suitable to house the eventual requirements of a five (or six) personnel restructured support service.
- (ii) Recruits the service of a Marketing person to suit the job requirements outlined in Part 2, 8:0.
- STAGE 2            Recruits a Management Accountant to suit the job requirements outlined in Part 2, 8:0. This would release the current Business Advisor to begin the combined Management Technician/Cooperative Development brief also outlined in Part 2, 8:0.
- STAGE 3            Recruits an Information and Publicity person to suit the job requirements outlined in Part 2, 8:0.
- STAGE 4            Depending upon decisions about Conversation cooperatives, may recruit an additional person in the Cooperative Development area. Refer Part 2, 8:0.

NOTES

1. Whereas it would be preferable to space these events, the timing of the Stages is flexible, i.e. they could be merged together.
2. Whereas a limited version of a service agreement could be introduced to the current Business Advisory Service operations it probably would not have full force until after Stage 3.
3. Upon approval in principle to this submission and in particular these Stages for restructuring, a detailed budget and time line could be prepared for consideration. The costs can be gauged from the estimates in Part 2, 9:0.

A PROPOSAL FOR THE ESTABLISHMENT OF A  
COOPERATIVE DEVELOPMENT AGENCY IN VICTORIA

---

A DRAFT FOR DISCUSSION

24TH MAY, 1983

COOPERATIVE BUSINESS ADVISORY SERVICE  
COOPERATIVE FEDERATION OF VICTORIA



## 1:0 THE PURPOSE OF THIS DOCUMENT

---

This Draft Proposal should be regarded very much as a 'working paper' intended to stimulate thought and discussion by and between the various interested parties. Hopefully, by following this process through over the coming months, we will end up with a Plan for the establishment of a Cooperative Development Agency which we are confident will be effective when implemented.

In particular, the involvement of the potential users of the Cooperative Development Agency (C.D.A.) in working towards a final proposal, is obviously vital - and is strongly encouraged.

In order to identify the issues and persons around which further discussions can be organized it would be very useful if you would indicate as early as possible your initial reactions to the items put forward here. It would be preferable to have them in writing but a phone call would be equally appreciated.

Apart from my own experiences, in particular my experiences as Cooperative Business Advisor since July 1981, this Draft Proposal incorporates ideas derived from an initial meeting between the Cooperatives of the Cooperative Development Program, held on 7th March 1983, to discuss the formation of a Victorian C.D.A. and also derived from a limited number of documents from New South Wales and the United Kingdom. In Appendix 1 I have included a list of these references, which are available for your study upon request.

For any communication on this Draft Proposal, please contact :

Brian Greer  
Cooperative Business Advisor  
Cooperative Federation of Victoria  
225 Swanston Street  
MELBOURNE

Telephone : (03) 663-2921

## 2:0 CONTENTS

	PAGE	NOS.
1:0 THE PURPOSE OF THIS DOCUMENT	1	
2:0 CONTENTS	2	
3:0 SYNOPSIS	3 -	4
4:0 INTRODUCTION: WHO WILL THE AGENCY BE FOR?	5 -	7
4:1 JOB CREATION		
4:2 RESOURCES AND PRIORITIES		
4:3 NON-FUNDED WORK COOPERATIVES		
5:0 OBJECTS: WHAT SERVICE(S) WILL THE AGENCY PROVIDE?	8 -	15
5:1 OBJECTS STATED		
5:2 OBJECTS CONSIDERED		
5:3 ADDITIONAL OBJECTS?		
5:4 IMMEDIATE PRIORITIES		
6:0 STRUCTURE: HOW WILL THE AGENCY BE STRUCTURALLY ORGANIZED AND MANAGED?	16 -	19
6:1 ORGANIZATIONAL STRUCTURE		
6:2 MANAGEMENT STRUCTURE		
6:3 RELATIONSHIP TO FUNDING SOURCE		
7:0 OPERATIONS: HOW WILL THE AGENCY CONDUCT ITS OPERATIONS?	20 -	24
7:1 A SERVICE AGREEMENT		
7:2 TYPES OF DEMAND/PROMOTION		
7:3 FEE FOR SERVICE/SELF-SUFFICIENCY		
7:4 A DIAGRAM OF OPERATIONS		
8:0 PERSONNEL: WITH WHAT HUMAN RESOURCES WILL THE AGENCY BE EQUIPPED?	25 -	29
9:0 FINANCE: WITH WHAT FINANCIAL RESOURCES WILL THE AGENCY BE EQUIPPED?	30 -	31
10:0 APPENDIX I: REFERENCES LISTED	32	

3:0 SYNOPSIS

---

It is necessary to decide what type of Cooperative the proposed Cooperative Development Agency will aim to promote and assist. It is submitted that there needs to be greater definition than that which exists in the current guidelines for cooperatives or groups applying to the Cooperative Development Programme. A few broad criteria have been suggested in this Draft Proposal for the purposes of debate. Suggestions have also been made to more closely determine the relationship between the Programme's Funding Committee (or future equivalent) and the Cooperative Support Services which are currently automatically made available. Special account has been taken for the need of the proposed Agency to be able to cater for the conversion of existing businesses into cooperatives.

A set of proposed objects with which the Cooperative Development Agency could work have been listed for consideration. A few areas of activity have been singled out as those which do not fall as clearly as others into the Agency's ambit and decisions will need to be made whether to include them or not. Where possible, in considering these objects this Proposal has related them to the experiences and lessons learnt from providing Support Services to the Cooperatives under the Cooperative Development Programme over the past two years. Because this represents the heart of the proposed Agency's activities the ideas have been spelled out in detail and it is suggested that close consideration be given to testing them.

The proposal raises the issues but leaves open for debate the questions as to whether the Agency ought to be under the umbrella of an existing organisation or form as a separate incorporated body. The latter option raises the further question of the make up and control of the Agency's Board of Directors. It is anticipated that there will need to be extensive discussion before decisions are made on these issues.

In order to be effective in this relatively new area, faced with both a high level and a wide variety of demands, the Agency will have to manage its decisions extremely carefully. A time monitor system is envisaged to assist periodic review and planning.

Where a direct service is provided to a cooperative a contract or "Service Agreement" is proposed. This Service Agreement is seen as a key factor in the efficient operation of the Agency and serves to :

- Monitor time spent by the Agency's personnel.
- Clearly establish the Agency's and the Cooperative's responsibilities.
- Provide the basis for a charge for fee-for-service (if and where appropriate).
- Provide the Agency and the Funding Committee (or its equivalent) with a costing of support services.

The emphasis on a professional organisation equipped with the appropriate skills is reflected in the estimated annual salary costs of \$122,000. Adding the overheads, consultancy fees and one-off set up outgoings the total cost of the Agency's first year of operation are estimated at \$227,000. One additional person recruited on the advent of the likelihood of the conversion cooperatives situation would raise this to \$270,000. It is envisaged that funding would be sought from the Ministry of Employment and Training's Cooperative Development Programme, subject to the results of its current evaluation.

## 4:0 INTRODUCTION: WHO WILL THE AGENCY BE FOR?

---

The basic assumption made in this Draft Proposal (which of course can be challenged) is that there is, in the broadest terms, a type of Cooperative which it is particularly desirable to encourage, and that some form of support is required. It is not intended here, therefore, to provide a general justification - but rather to concentrate on the following aspects :

- . What type of Cooperative do we wish to particularly encourage, i.e. who will the Agency be for? (4:0)
- . What service, or form of support, will the Agency provide? (5:0)
- . How will the Agency be structurally organized and managed? (6:0)
- . How will the Agency operate? (7:0)
- . With what human resources and financial resources will the Agency be equipped? (8:0 and 9:0)

## WHO WILL THE AGENCY BE FOR?

When considering the question as to what type of Cooperative organization we are particularly trying to encourage, the first step is to look at the actual Cooperative nature of the organization, rather than just whether the organization legally constitutes a Cooperative. There are organizations, for example, which are cooperative in nature - but registered as companies. This is particularly so with the inadequate Cooperative legislation in Victoria.

We are therefore interested, in the first instance, in organizations which adhere to the basic Cooperative Principles of :

- . Open membership.
- . Democratic organization on the basis of one member one vote.
- . Limited interest on capital invested in the Organization.
- . Equitable distribution of earned surplus, or savings.

Beyond these basic Cooperative Principles, there are then those types of Cooperative organizations which, in addition, encourage membership of, and which set about to directly involve, the persons working within the organization - together with a particular emphasis on various aspects of employment. This type of Cooperative organization will be referred to as a 'Work Cooperative' for the purpose of this Draft Proposal.

At the farthest end of the scale of this type of Cooperative organization, there are those which restrict their membership to only workers - effectively vesting in them ownership and control. These will be known as 'Worker Cooperatives', or 'Common-Ownership Enterprises'.

Whilst expressing every reservation about trying to establish criteria in an extremely complex and new area, for the purpose of providing a starting point for discussion on this issue it is suggested that the Agency be concerned only with those Cooperative organizations which I have described above as Work Cooperatives.

From here, further issues for consideration are whether the Agency is in existence to promote and assist :

1. Work Cooperative Organizations.
2. Work Cooperative Organizations, but with a preference for Worker Cooperatives.
3. Only Worker Cooperatives.

Within the category of Work Cooperative Organizations itself, there are various sorts of Cooperatives, amongst which are :

1. Start up : Those which start from scratch.
2. Conversions : Those which are created out of an existing business.
3. Secondary : Those which form to service their members - who are themselves Cooperative organizations.

These are specifically discussed under Types of Demand/Promotion (7:2).

In relation to the origin and development of the Cooperative Development Programme so far, three (3) issues of relevance arise.

#### 4:1 JOB CREATION

The Cooperative Development Programme seeks to create jobs through the development of viable, cooperatively-run, small businesses. In the Conversion Cooperative area, where there is growing interest, job creation is achieved by the retention of those jobs which would be lost if the business closed down (Crisis Conversions). There could, however, be Start-Up and Conversion Work Cooperatives - situations where jobs will not necessarily be created (or retained), e.g. where the owner wishes to convert the business into a Work Cooperative, but would not close it down if that couldn't be done (Non-Crisis Conversions).

Whereas this situation may not require any outside funds (e.g. from the Cooperative Development Programme), it could require the resources of the proposed C.D.A. - and would appear to clearly fall within the Agency's ambit of promoting Work Cooperatives. Of course, in this situation, as with all the others, being a Work Cooperative, there will be a special emphasis on the various aspects of employment.

The issue, then, is whether the proposed C.D.A. should restrict it's activities in promoting Work Cooperatives to those Work Cooperatives which directly create (or retain) jobs?

#### 4:2 RESOURCES AND PRIORITIES

From the point of view of establishing and monitoring an effective C.D.A., the prioritization of tasks in relation to the total resources available will be absolutely critical. With the whole area of Work Cooperatives being so new to Australia, and with such a high level of interest, the Agency could very easily spread it's resources too thin, or put too much effort into limited areas.

In looking further at the question of whom the proposed C.D.A. is intended for, it is important to remember that, apart from specific Work Cooperatives, there will also be groups of special interest (e.g. trade unions) (See Section 5:0 Object 5), and the community in general (Object 5), which will require attention in promoting Work Cooperatives. This is one area where resources and priorities will need to be carefully considered.

Another area arises in relation to the role of Cooperative Development Programme's Funding Committee. From the point of view of the proposed Agency, some sorts of Work Cooperatives absorb many more resources than others - e.g. a start-up situation, with a group of relatively unskilled, under resourced persons, with a relatively undeveloped business idea. The decision to fund such groups is generally made without direct reference to the resources and priorities of the support units (the Cooperative Business Advisory Service and Education and Training Unit), whose services are automatically made available.

Such a funding situation as this has obvious implications for the use and prioritization of the proposed Agency's resources. It is submitted that the proposed C.D.A. have a direct input into the funding situation - giving it's assessment of the potential service needs/time/resources which would be required. This issue is discussed further in relation to the Service Agreement (7:1).

#### 4:3 NON-FUNDED WORK COOPERATIVES

The current support services of the Cooperative Development Program are restricted, by their terms of funding, to Cooperatives funded under the Programme. This was done in part to ensure that these support services were allocated only to those Cooperatives taking part in the Cooperative Development Experiment. Subject to the future structure and development of the Cooperative Development Programme, it would seem appropriate that the proposed C.D.A. not be restricted solely to funded Cooperatives.

# 5:0 OBJECTS: WHAT SERVICE(S) WILL THE AGENCY PROVIDE?

---

- 5:1 OBJECTS STATED
- 5:2 OBJECTS CONSIDERED
- 5:3 ADDITIONAL OBJECTS?
- 5:4 IMMEDIATE PRIORITIES

## 5:1 OBJECTS STATED

The following objects are put up to be considered as those for adoption by the proposed Cooperative Development Agency\*.

The Objects of the Cooperative Development Agency shall be to promote and assist the development of Work Cooperatives (as described in the Introduction above) by any, or all of the following :

1. Conducting or arranging for research to be conducted into any social, economic, commercial, legal, or organizational aspect of cooperation in work.
2. Providing and/or arranging for direct assistance to Work Cooperatives in their formation, and/or further development, by way of -
  - Advice
  - Counselling
  - Direct Service
  - Teaching
  - Training
  - Provision of Information
 on any matters concerned with -
  - (a) Business, commerce, law, or organization.
  - (b) The legal aspects of being a Cooperative.
  - (c) The Principles of Cooperation and their practical implementation.
  - (d) Or any other matters on which the Agency's advice, and/or assistance, may be sought.

---

\* These Objects utilize parts of the wording used in the Draft Objects of the proposed 'Common Ownership Development Agency' of New South Wales. (refer to Appendix 1 10:0).



3. Providing Forums in which -
  - (a) Matters of common concern to Work Cooperatives may be discussed.
  - (b) Interaction between Work Cooperatives can take place, including business activities.
4. Furthering communication and cooperation with and between organizations, institutions, and other agencies and groups with similar objectives to these.
5. Encouraging, developing and providing information or action programmes for the community - designed to advance its understanding of, and involvement in, cooperation in work.
6. To carry on any business activity as is necessary to finance any or all of the above objectives.

#### Additional Objects?

- A. Research and Development of products and business ideas for Work Cooperatives.
- B. Acting as a Banker for Work Cooperatives.
- C. Undertaking the role and function of an Association of Work Cooperatives or Cooperative Workers.

#### 5:2 OBJECTS CONSIDERED

These proposed objects are intentionally couched in the widest possible terms so that the C.D.A. would not be restricted - at law or otherwise - now, or in the future. The intention now is to discuss each object, relating it to past experience. This is followed by a list of immediate priorities. (5:4).

The term 'Work Cooperatives' in this context has been used tentatively, on the basis of the discussion above (4:0), and is subject to changes, based on a decision on that issue.

OBJECT 1 : *Conducting or arranging for research to be conducted into any social, economic, commercial, legal, or organizational aspect of cooperation in work.*

While the interest in and enthusiasm for Work Cooperatives has grown, it has become apparent that, because of its newness and rapid growth, there is still a gross deficiency in the information base from which we are working. This situation needs urgent and continuing attention from the proposed C.D.A.

There are many aspects to building this information base, and these will be referred to throughout this proposal. One important aspect is the research and learning accomplished through the holding of forums - where Work Cooperatives may discuss their respective experiences in such matters as collective decision-making, worker equity, and so on (see Object 3). Another aspect is continuing to house, research, develop, and distribute an effective library of written, verbal and visual material.

While every Agency worker would have specific obligations to contribute to the information base, it is envisaged that the Information and Publicity person will be the focal point for this task. (Job Requirements 8:0).

An internal education program for the proposed Cooperative Development workers themselves, from an information base which is improved by research, is most necessary at this early stage of work cooperative development.

One specific, and urgent, need is to research and develop a model for Work Cooperatives; and in particular, to develop a legal model which is fairly easily usable by potential cooperatives - especially in the conversion situation, where speed may be required. The various aspects - such as those shown in the United Kingdom's I.C.O.M. model, the New South Wales experiences, the Victorian Cooperation Act 1982 with its suggested amendments, the Companies Act, and so on - need to be tied together; as they are now, and with a view to pursuing the necessary legislative changes. It is envisaged that part of the time one (1) Agency worker, together with a contracted lawyer(s), will cover this area. (Job Requirements 8:0).

OBJECT 2, PART 1: *Providing and/or arranging for direct assistance to Work Cooperatives in their formation, and/or further development, by way of...*

*Advice*

*Counselling*

*Direct Service*

*Teaching*

*Training*

*Provision of Information*

*- with an emphasis on skill transfer.*

A different approach is being suggested here, other than that which currently operates by having a Business Advisory Service and an Education and Training Unit. It is suggested that each person within the proposed C.D.A. - either themselves, or through/with consultants (in the broadest sense: defined below), which they are responsible for arranging will provide a service which covers advice, counselling, direct service, teaching, training and/or the provision of information. That is, there will be no division of Agency personnel roles between advisors and educators. This approach builds in an emphasis on skill transfer. The Accountant, therefore, would be responsible for giving accounting advice right through to educating directors on financial statements (he or she may deem it appropriate to involve in this task all, or parts of a TAFE course, the Cooperative's own Accountant, and so on.) To achieve this in each area

of the proposed C.D.A.'s activities means an emphasis on skilled personnel, who are capable of 'hands on' work. Apart from being necessary to be effective, appropriately skilled personnel will be an important factor when considering the introduction of "fee for service". (See 7:3).

The continued development of a bank of consultants will be important to make best use of the widest possible skill base. Cooperatives ought to have a choice of consultants for any one project. 'Consultant' here is defined very broadly to cover any skill resource required, outside of those available at the time within the Agency. This, therefore, could cover a specialist tax consultant, a course offered by TAFE, or an industrial sewing-machine teacher.

This object clearly envisages the Agency doing work - or arranging for work to be done - in the area of feasibility studies, formations, and start-ups.

## OBJECT 2, PART 2:

*On any matters concerned with :*

- (a) *Business, commerce, law, or organization.*
- (b) *The legal aspects of being a Cooperative.*
- (c) *The Principles of Cooperation, and their practical implementation.*
- (d) *Or any other matters on which the Agency's advice and assistance may be sought.*

Point (a) covers the whole ambit of being a business enterprise. From past field experience, areas of need stand out :

- MANAGEMENT : Business planning and implementation; Management planning and priority setting generally; Organizational structure; Recruitment of appropriately skilled personnel.
- ACCOUNTING : Establishing adequate accounting systems and bookkeeping functions, and identifying suitable accounting resources; Education on interpretation of financial statements for directors/workers; Budgeting; Taxation; Computers.
- MARKETING : Developing relevant marketing strategies and effective sales functions; Joint marketing ventures between Cooperatives.
- PRODUCTION : Production systems for quality and quantity control; Job training for specific job skills.
- LEGAL : Incorporation and compliance with relevant legislation.

The Agency should, it is suggested, play a role in assisting Work Cooperatives to locate sources of, and to obtain, finance. This raises the issue of what role the Agency should play in relation to applications for finance made to the Ministry of Employment and Training.

It is envisaged an Accountant and a Marketing/Sales person will be employed to cover this area, together with overlaps into the Information and Publicity function. (Job Requirements 8:0).

Points (b) and (c) cover the cooperative aspects of the enterprise, and are, therefore, of paramount importance in terms of developing an effective service for Work Cooperatives by the proposed Cooperative Development Agency. The task is made more difficult, as pointed out above, by its relative newness and its lack of an effective information base. The Agency will therefore need to quite deliberately build its base in cooperative skills, while it is concurrently servicing the field. One important part of this process will be the learning from existing work cooperatives' experiences in the forums provided for discussion and interaction. (Object 3). Other parts of the process include :

- . Generally building the information base - including research and library.
- . Research to develop a model for work cooperatives, including a legal model. (Object 1).
- . Interaction with interstate and overseas bodies.
- . Internal training of all C.D.A. personnel.
- . Developing a course 'On being a Work Cooperative' for existing, and new, Work Cooperative workers/members.

In the short term, it is envisaged that these tasks will specifically occupy one half of one Agency worker's time and part of the Information and Publicity person's function, with a view to one additional person in line with the rate of growth of knowledge and the external demand - including the possibility of conversion cooperatives. (Job Requirements 8:0)

Of course, there is a clear interaction between the business aspects and the cooperative aspects of an enterprise. The areas of collective management decision-making, and equity, stand out as examples of this. It will be important that the cooperative aspects grow, and influence the presentation of the technical business assistance. Direction and education of the 'business technicians' working for, or associated with, the C.D.A., will therefore be of particular importance.

OBJECT 3: *To promote and assist the development of Work Cooperatives by providing forums in which :*

- (a) *Matters of common concern to Work Cooperatives may be discussed.*
- (b) *Interaction between Work Cooperatives may take place, including business activities.*

In terms of the wider social and political objectives of Work Cooperatives, it is suggested that the interaction of cooperatives is most important. Whether or not the Agency ought to be directly involved with the formation and running of an Association of Cooperative workers is a moot point (referred to below under 'Additional Objectives' C.). However, the Agency should, it is submitted, play a role in facilitating Cooperative interaction.

Providing forums for matters of common concern [Point (a)] is a vital part of the learning process - especially in regard to the cooperative aspects of these enterprises. Conferences, exchange of workers, and facilitation of discussion, could be undertaken by the C.D.A.

Providing forums for interaction [Point (b)], specifically in business activities, is also important for economic growth and vitality. It is envisaged that a specific part of the Marketing/Sales person's brief be to develop these opportunities - including assisting the developing of Subsidiary Cooperatives. (Job Requirements 8:0).

OBJECT 4: *Furthering the communication and cooperation with and between organizations, institutions, and other agencies and groups with similar objectives to these.*

At this early stage of their development in Victoria there is a particular need for Work Cooperatives to make contact, inform, and make exchanges with other organizations with similar philosophies. The C.D.A. would obviously be in a prime position to contribute here. In this respect, Trade Unions stand out as one particular group which requires immediate attention. Apart from direct contact, this process will be enhanced by the building of an Information Base, and by its effective maintenance and distribution through the Agency's Information and Publicity person.

OBJECT 5: *Encouraging, developing and providing information or action programs to the community - designed to advance its understanding of, and involvement in, cooperation in work.*

As was pointed out in the Introduction, it is necessary, in promoting Cooperation in Work, to extend the target of the Agency from the specific Work Cooperatives which it will assist to reach groups of special interest (Object 4), and the general community. In devising ways to fulfill the objectives set for the general community, it should be stressed once more that this will need to be done very carefully, with due regard for the Agency's limited resources - especially in its early days.

Once again, the development of an Information Base with effective distribution through the C.D.A. Publicity Person, will be important here. In the longer term, it would be useful if this dovetailed into the current project of developing a school curriculum in the area of cooperatives.

OBJECT 6: *To carry on any business activity as is necessary to finance any or all of the above Objectives.*

It is suggested that, from its very beginning, the Cooperative Development Agency, ought to have as a long term aim, being able to self-finance its operations. The rate at which this can be achieved will depend on such factors as the number and level of skills of Agency personnel, and the fact that it may be undesirable, and self-defeating, to move too quickly in this respect, e.g. charging fees that are too great, or inappropriate for a particular Work Cooperative's development. (See Section 7:3 Fee for Service/Self-Sufficiency).

To fulfill the eventual aim of self-financing, it will be necessary for the C.D.A. to include the power to undertake some business activities for its own benefit. However, the selection of particular business activity(s) could have a variety of effects, and should be debated. Some possibilities include:

1. Fees for Service (see 7:3 below).
2. A share of the Agencies member Work Cooperatives surpluses.
3. Insurance brokerage, and so on.
4. Involvement in subsidiary Cooperatives.

### 5:3 ADDITIONAL OBJECTS?

The following functions are either not clearly covered by the above Objectives 1 to 6, or are not included at all. Decisions as to whether or not these functions should be covered by the proposed Agency need to be made.

(A) Research and Development of Products and Business Ideas for Work Cooperatives is an activity which some United Kingdom C.D.A.'s take up as a role, usually when there is concern about a particular local area's growth - or lack of growth - prospects.

This approach goes back beyond the point where the Agency assumes that the Work Cooperative has to have, as a first requisite, the business idea themselves. Of course, there will be a certain level of entrepreneurship within the Agency's activities - especially with Marketing expertise (joint marketing, subsidiary Cooperatives, and so on) - but what is meant here is a much more concentrated and expensive activity. Should this objective be included?

### (B) Acting as a Banker for Work Cooperatives

It is suggested that the whole process of 'financing' Work Cooperatives is a separate and distinct function to those described to date. Financing is a 'Banker' function, which involves assessment and monitoring from a lender/grantor's perspective. Indeed, it was stated earlier that the C.D.A. should assist the Work Cooperatives in obtaining finance from the 'Bankers'.

However, this does not necessarily preclude the Agency from carrying out the 'Banker' role as a separate function, under the same legal structure (whatever that may be). It could be regarded as one aspect of "promoting and assisting" Work Cooperatives.

(C) Undertaking the Role and Function of an Association of Work Cooperatives or Cooperative Workers

As was suggested above, the development of an Association of Work Cooperatives, or Cooperative Workers, is one way to link together Work Cooperatives' activities in order to achieve their wider social and political aims. There are also direct lobby functions currently undertaken by bodies such as the Cooperative Federation of Victoria, on behalf of Cooperatives as a whole. Apart from assisting the type of interaction of work Cooperatives outlined in Object 3, should be Agency : (a) assist, develop, and/or (b) perform the roles and functions of an Association for Work Cooperatives, or Cooperative Workers, or for both.

#### 5:4 IMMEDIATE PRIORITIES

For any one year, the Cooperative Development Agency would draw up a plan relating to the Objects of the Agency, which would carefully allocate the resources for that period and assign operating priorities.

A suggested plan for the first year cannot be detailed here for a number of reasons - the debate that needs to follow this proposal, the awaited results of the current evaluation of the Cooperative Development Programme, the continuing work of the two existing support units - all of which will affect the content and timing of such a plan.

However what follows is an attempt to list a group of priorities (not necessarily in order of priority) to suggest an emphasis for the initial stages of the proposed Cooperative Development Agency. The background is the continuing servicing needs of the current nineteen cooperatives most of which have just been funded to June 1984, but with a view to coping with the possible emergence of conversion cooperatives.

- . While the establishment of a Cooperative Development Agency in its entirety is obviously important, early implementation of its operational aspects is particularly important (rather than, say, the organizational structure for which the debate about the composition of a Board of Directors for the Agency (ref. 6:01) might take some time to resolve). Implementation of structural changes relating to operations, including the introduction of new skills, and the resultant operational efficiency will enable the Cooperative Development Agency to attend to the most urgent needs in both the business and cooperative aspects.
- . In the business area such things as marketing/sales services, director education in finance, fuller use of business courses (e.g. TAFE), increased bank of consultants and also a drive into joint market/business activities between cooperatives will require early attention.
- . In the cooperative aspects the task of building the necessary information base and skills, and the teaching of cooperative principles and how to operate as a cooperative group can begin in earnest. This will include research into developing a cooperative model including a legal model, internal Agency education, facilitating forums between cooperatives, developing a course on 'being a work cooperative'.
- . Work with the general community and special interest groups could begin, but resources will have to be carefully allocated here. It is suggested that first off the emphasis could be on selected special interest groups such as trade unions.

## 6:0 STRUCTURE : HOW WILL THE AGENCY BE STRUCTURALLY ORGANIZED AND MANAGED?

---

6:1 ORGANIZATIONAL STRUCTURE

6:2 MANAGEMENT STRUCTURE

6:3 RELATIONSHIP TO FUNDING SOURCE(S)

From the starting point of the C.D.A.'s needing the protection of incorporation, the two possibilities are :

- (i) That the Agency form under the auspices of an existing incorporated body, or
- (ii) That the Agency form a new incorporated body.

### 6:1 ORGANISATIONAL STRUCTURE

#### 6:1.1 An Existing Incorporated Body

Examples of this would be the Cooperative Federation of Victoria, and the Small Business Development Corporation. The Cooperative Federation is currently the auspice for the Cooperative Business Advisory Service, and has supported, and played an important role in the development of the Cooperative Development Program so far. It has a Board of Directors who are elected from its membership, a wide range of Cooperatives in Victoria - including Producer Cooperatives, Credit Unions, and Housing Societies. A number of the Cooperatives in the Cooperative Development Program are members of the Federation, and a member of one of these is also currently a Director.

In considering whether or not the Cooperative Federation of Victoria (or any other existing incorporated body) is the most suitable place for the formation of the proposed C.D.A., it is suggested that two (2) major considerations are -

- . Is that particular Board of Directors the most suitable to direct the Cooperative Development Agency, given the Agency's particular area of interest?
- . How would the Board of Directors structure its own organization so that Work Cooperatives and other possibly interested parties (e.g. Trade Unions) would be able to have sufficient input on the policy and direction of the C.D.A.?

#### 6:1.2 A New Incorporated Body

In limited discussions so far with Cooperative members currently in the Cooperative Development Program, there has been a marked preference for the formation of the C.D.A. as a separate legal entity, with a Board of Directors elected from the Cooperative Development Agency's membership. This course leaves open the possibility of an affiliation and/or interaction



with the Cooperative Federation of Victoria (or any other body). In summary, it is ventured that these Cooperative members feel that the Cooperative Development Agency would be best served by a Board of Directors and members who had the development of this particular type of Cooperative as their prime objective. Discussions are presently continuing on this issue between interested parties.

In considering a C.D.A. membership and Board of Directors, the question arises of WHO? And then in what proportion, i.e. the issue of CONTROL.

#### 6:1.3 WHO?

The following list is in no way intended to be complete, and is only presented here to facilitate discussion. Approaches would need to be made, and indeed, these groups/persons may not be interested.

- . Cooperative Development Agency workers
- . Cooperatives in the Cooperative Development Program, now, and in the future (if, indeed, there is a C.D.P. as it currently exists)
- . Existing or potential Work Cooperatives (using the term as described above 4:0)
- . Other Cooperatives, such as Credit Unions, Producer Cooperatives, and Housing Cooperatives
- . Other organizations, institutions, agencies, groups, and persons with similar objectives - such as the Cooperative Federation of Victoria, Trade Unions, and Cooperative Educationalists
- . Organizations, Institutions, Agencies, groups, and persons with relevant technical expertise - such as the Small Business Development Corporation, the Ministry of Employment and Training, various Government Departments, local authorities, and Bankers.

#### 6:1.4 CONTROL?

The issue here is whether the cooperatives that are "promoted and assisted" by the Cooperative Development Agency should, through the organization structure, be assured a majority on the Agency's Board of Directors, i.e. should be assured control.

This issue has been keenly debated in the U.K. where in the context of local Cooperative Development Agencies it is argued that democratic control by the users is the best way to ensure the involvement necessary for the most successful utilization of the services of the Agency and the achievement of the combined objectives of Work Cooperatives. This approach emphasises the importance placed on the role of the Cooperative Development Agency in facilitating the interaction of cooperatives and thereby linking them together so that they can achieve their wider social and political objectives.

It is at the same time recognized that there are functions that will not necessarily be best served by the locally controlled Cooperative Development Agency and that there is a need for regional Cooperative Development Agencies, e.g. for research into legal models, publicity and promotion on a wider level.

It is submitted that the proposed Cooperative Development Agency in Victoria will have to play, in the early days, at least, a combined "regional function" and "local service function" and this will have implications for the question of Control. Possibly in the future there may be arguments for Regional State or Federal Agencies to deal with some aspects such as legal models and Local Cooperative Development Agencies to deal with other aspects.

If there is a decision in favour of control by user cooperatives a secondary Issue arises for consideration especially in the first Cooperative Development Agency membership and Board of Directors. Should those cooperatives currently in the Cooperative Development Program take "control"? What about existing and future work cooperatives of the various sorts described above, such as conversion and subsidiary cooperatives who may or may not be or become part of the Cooperative Development Program?

This whole area of Organization Structure poses some important issues. This Draft Proposal intentionally makes few submissions because it is felt that these issues need to be carefully and widely considered before any decisions are made.

It is submitted that because it may be affected by decisions on the other issues the question as to whether the Agency should be incorporated as a Cooperative or as a Company limited by guarantee be deferred.

## 6:2 MANAGEMENT STRUCTURE

It is suggested that in the broadest terms the Board of Directors whilst accepting overall legal responsibility for the Cooperative Development Agency should also be directly concerned with matters of policy and direction in consultation with the Agency's workers (whether or not all, some, or none are on the Board). Matters directly relating to managing and executing the implementation of policy and direction according to an agreed plan ought to be monitored by the Board of Directors whilst the responsibility be that of the Agency workers' group. The nature and frequency of financial and other reports to the Board would need to be determined.

It is further suggested that whilst the power and the responsibilities of management of the Agency by the workers' group with the assistance of a worker with technical management skills should be an aim, in the initial stages the power and responsibilities of management will lie with the Agency's management technician with a brief to work towards fulfilling this aim. The structural interrelationship of the job roles described in full below (8:0) probably will assist this process.

## 6:3 RELATIONSHIP TO FUNDING SOURCE(S)

Whilst the Agency will build in the aim for eventual self-sufficiency it is clearly envisaged that it will be relying for some time, totally or largely, on external finance. The initial submission will be made to the Ministry of Employment and Training Cooperative Development Program.

It is suggested that the nature of the accountability to the Ministry of Employment and Training's Cooperative Development Program Unit be in terms of achievement of the Cooperative Development Agency's objects, together with its yearly plan for the period the finance covers. The nature and frequency of reports supplied by the Agency's Board of Directors would need to be determined.

## 7:0 OPERATIONS: HOW WILL THE AGENCY CONDUCT ITS OPERATIONS?

---

Having considered who the 'target market' for the proposed Cooperative Development Agency will be and the nature of the services that will be offered, this section turns to look at how the Agency will relate to its clients.

- 7:1 A Service Agreement
- 7:2 Types of Demand/Promotion
- 7:3 Fee For Service/Self-Sufficiency
- 7:4 A Diagram of Operations

### 7:1 A SERVICE AGREEMENT

The nature of the contact which the Agency will have has been divided here into client contact - direct service work with cooperatives and non-client contact. In general terms non-client contact is intended to describe contact with special interest groups as outlined in Object 4, with the community (Object 5), and in addition contact with cooperatives other than for direct service work such as may occur in providing for forums as described in Object 3.

The intention of this distinction is purely to try to separate out the type of Agency contact where it is most feasible to establish a clear agreement of Service, and it is in no way intended to indicate relative importance in the proposed Agency's activities. Within the client category cooperatives may either want repetitive once-off advice, information or assistance or something much more. It is suggested that in the former situation the cooperative will have a General Service Agreement that the Agency will at any time provide this type of service.

In the situation where something much more is required - either a request for serving a particular aspect of the Cooperative or an across the board service need (as described by the body of Object 2) - it is suggested that a Service Agreement be established in the first instance. There are several reasons for wishing to establish such an Agreement. The major reason is that a service agreement allows for a clear understanding of who is responsible for what.

From the client cooperative's point of view the service agreement puts in black and white what will be done by the Agency and when, and therefore it provides a means of clarifying and tracking responsibility.

From the Agency's point of view it firstly makes a clear line as to its responsibility as opposed to the cooperative in regard to what, when and how well the service was performed. Also it provides the Agency with a working plan in its approach to a cooperative which will be very useful where, as it is envisaged, several Agency personnel could be involved with only one client. In addition the Service Agreement will allow the Agency to more accurately predict and control its resources. For example, if the Agency is to be working in conjunction with a Funding Committee (which, it is submitted, could be advantageous by virtue of the effectiveness on a cooperative's growth of combining funding with Agency support), a needs analysis, which would always precede a service agreement, could be submitted by the Agency so that its resources and priorities are taken into account before a group is funded and automatically entitled to use the Agency's services.

In practical operational terms two suggestions are made to meet this end:

1. That the Agency's management technician be responsible for the carrying out of an analysis which would form the basis of a Service Agreement. "Responsibility" here is intended to indicate a focal point and it is clearly envisaged that other appropriate Agency personnel would be directly involved in such an assessment.
2. A client account file system would be maintained for service agreements (amongst possibly other systems) so that use of resources could always be calculated irrespective of whether a fee for service is charged or not.

## 7:2 TYPES OF DEMAND/PROMOTION

Within the general category of Work Cooperatives as outlined above (4:0) there are various sorts of cooperatives who will in turn be at various stages of development. The Agency therefore will have to carefully develop its operational and promotional strategies according to the likely type of demand from these various types of cooperative. This of course will be in addition to the demands from all of the proposed Objects.

1. Start up Work Cooperatives have made up the majority of the demands of the current service units in the Cooperative Development Program. The level of demand is usually (but not necessarily) very high and this has implications for resources and priorities as discussed above (4:2). Assisting and arranging for feasibility studies in business planning/budgets, establishing accounting resources, marketing/sales resources, legal formation and education and implementation of cooperative principles - and so on - are all part of this sort of client demand.
2. Conversion Work Cooperatives have not yet been handled by the service units in the Cooperative Development Program. Crisis Conversions are likely to need quicker action than non-crisis conversions. Both sorts are going to require a clear pre-defined legal and operational model to work from. Because of the likely size of the work force and the lack of cooperative knowledge there is likely to be a heavy demand on the cooperative expertize. The Agency must (as with the legal/operational model) develop greater expertize in this area of helping people to learn to operate as a cooperative group immediately, and must be ready to expand its personnel quickly to cope. Obviously each conversion would take a relatively long/concentrated effort. The Agencies Management Accountant and Marketing personnel will probably play less of a direct service role and more of a role establishing these management functions within the Cooperative.
3. Subsidiary Work Cooperatives. Because this represents a group of (hopefully) well run established cooperatives the "start-up" demands will be considerably less. The Agency's input is more likely to be heavy in the development of the marketing idea, and the development of the unity of the cooperatives around it. This area will be included in the Agency's marketing/sales person's brief.

In addition each sort of cooperative as it grows, will have increasingly sophisticated demands, e.g. conversion to computers, taxation problems, workers' equity and so on.

The Cooperative Development Agency will then have to be extremely flexible and conscious in relation to its differing likely demands. It is submitted that until the area of Work Cooperatives grows to justify more specialist Agency personnel (or another Agency) this will be (and should be recognized as) one of the greater hazards in its initial stages.

The Agency will, in line with its decided periodic priorities, develop appropriate promotional means to inform its target markets about its services. This responsibility will lie with the Information and Publicity person working in conjunction with other Agency personnel.

### 7:3 FEE FOR SERVICE/SELF-SUFFICIENCY

The distinction described above between client contacts with Service Agreements and non-client contacts is utilized in this discussion. A self-sufficiency approach to the Cooperative Development Agency would run along the following lines.

1. The Agency would market and promote its services (which are substantially described by Object 2) to obtain clients (whether funded or not). A Service Agreement would be drawn up and an appropriate fee would be charged.
2. The non-client contact area of the Cooperative Development Agency activity would be subject to the Agency's ability to produce a surplus from fees, generate income from other business or to raise funds by grants.

The current situation of the service units under the Cooperative Development Program could be described as completely non-selfsufficiently orientated and its features are:

- . The Units are restricted to servicing the funded cooperatives
- . Little or no reference is made to the cost of Agency support when funding decisions are taken
- . There are no Service Agreements on which to calculate costs
- . No fees are charged
- . There is no monitoring of time/costs of activities with general community/special interest groups and so on
- . The Units carry on no other business activity.

As was stated earlier, whereas it is desirable to have the Cooperative Development Agency's self-sufficiency as a long-term aim this would, in the short term, be both impractical and undesirable to the extent that it would assume priority over the main objectives of the Cooperative Development Agency, which is to promote and assist the development of Work Cooperatives as described by Objects 1 to 5, 5:0.

Within this framework the following is suggested as an initial course of action with a self-sufficiency orientation.

1. In all client relationships a Service Agreement will be drawn up and an account record file be kept. Those cooperatives which can afford to pay will be charged a fee for a specific Service Agreement.

Should a General Service Agreement (repetitive once-off advice, information or assistance) be subject to an annual fee, be subject to part of Agency membership or be free?

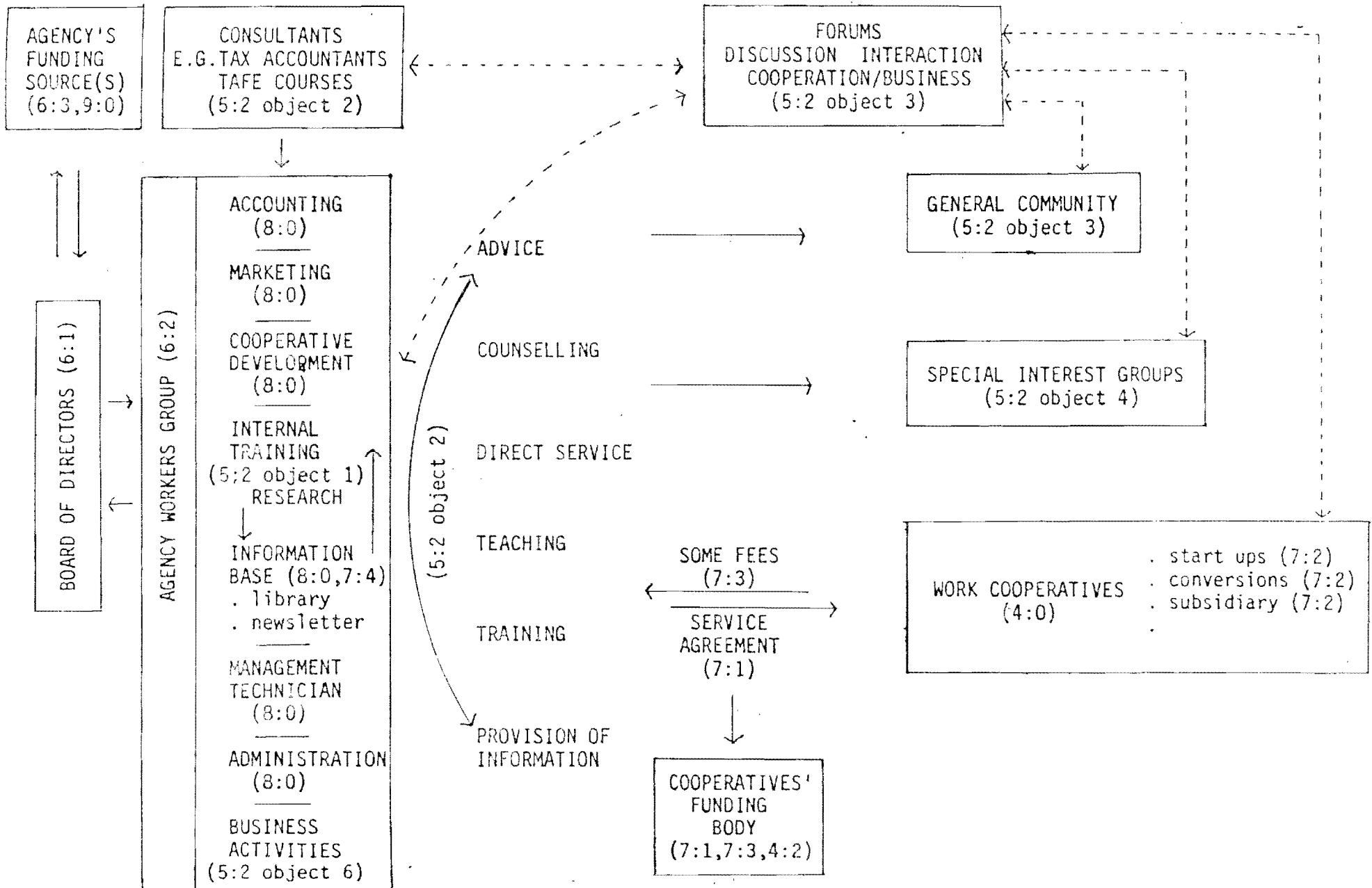
2. The Agency personnel will be appropriately skilled so that an effective service can be offered for which people are prepared to pay.
3. The Agency will have the power to widen its market to service non-funded cooperatives.
4. In line with its priorities the Agency will promote its activities.
5. The Agency will have a direct input into the Funding situation so that it can cost the potential Service Agreement for the benefit of the Agency, and also for the benefit of the Committee in making its financial judgement.
6. As well as monitoring the time/cost of the client area covered by a Service Agreement, the Agency will monitor the time/cost of all its activities including those covered by Object 3 providing forums, Object 4 Special Interest Groups, and Object 5 General Community.
7. The Agency will look into other business activities apart from fees or grants such as insurance brokerages, subsidiary cooperatives and sharing of Agency members' surpluses - subject to a debate about these activities' desirable or undesirable effects (refer Object 6, 5:2).

#### 7:4 A DIAGRAM OF OPERATIONS

The intention of this diagram is to roughly relate the various elements of this proposal and it should not be interpreted too literally. Specific references are given to the parts of the proposal where a particular section is discussed the most. There are, however, two specific points to note :

1. Areas where major decisions need to be made have been omitted, e.g. membership of the Cooperative Development Agency, Research and Development of products, Banking, Association of Work Cooperatives or Cooperative workers.
2. The Agency's Information and Publicity Function is seen as a dynamo which will continually generate and distribute relevant information throughout the Agency and its contacts. The importance of developing an information base with input from research done by the Agency has been previously stressed. There will also be a need for effective distribution of information which would include maintenance of a library and a newsletter. While these functions will be the responsibility of the Information and Publicity person, it is intended that every worker in the Agency will contribute to the information base including contributions to the newsletter. It is suggested further that an editorial board should also be established headed by the Information and Publicity person and including the other Agency workers plus interested others.

# DIAGRAM OF PROPOSED COOPERATIVE DEVELOPMENT AGENCY OPERATIONS





## 8:0 PERSONNEL: WITH WHAT HUMAN RESOURCES WILL THE AGENCY BE EQUIPPED?

---

Consideration is given here to the human resources that will be needed by the Agency to successfully carry out the Objects (in particular the immediate priorities) in the manner outlined in the previous section. The relationship between the Agency's workers was discussed under Management Structure (6:2).

From what has been outlined so far it is suggested that the following has been established.

1. The Agency must have appropriately skilled personnel.
2. As much as it is possible the personnel must be flexible enough to deal with a variety of work cooperatives which will generate a variety of differing types of demands, e.g. start-ups, conversions and subsidiary work cooperatives.
3. While the following five proposed personnel will be preparing to cope with conversion Work Cooperatives, once they are clearly on the horizon at least one (1) more worker will be immediately required in the area of cooperative development (as described below).
  - . Management Accountant
  - . Marketing Person
  - . Information and Publicity Person
  - . Cooperative Development Person/Management Technician
  - . Administrator

### 8:01 Job Requirements For All Agency Workers

1. To actively partake in the worker management group (see Management Structure 6:2).
2. To maintain records and report on activities. Time analysis of all activities will be needed for resource priority decisions. This will apply particularly to Service Agreements where these records may also be used for charging fees in some cases.
3. To participate and contribute to an internal training programme. This will be emphasizing the cooperative development aspects (described below).
4. To contribute to the Information Base being developed by the Information and Publicity person, and to assist in effective distribution. Contributions to the newsletter will be required and it is suggested that this should extend to being part of an Editorial Board.

5. There will be some matters which may not clearly fall into any one particular brief and for which responsibility and execution will need to be shared, e.g. Object 3, Forums, Object 4, Special Interest Groups and Object 5, General Community.

8:02 Common Job Requirements for the Agency's Management Accountant, Marketing Person and Cooperative Development Person(s)

1. These personnel will be responsible in their own area for the giving of advice, counselling, directly servicing, teaching, training and providing information. They may either perform these functions themselves or arrange for the services of an appropriate consultant(s). Consultant is used here in the broadest sense to cover such things as TAFE courses.
2. To follow from and complementary to, point (1), these personnel will develop, in their own area, an appropriate bank of relevant consultants.

8:03 Particular Job Requirements for Each Agency Worker

MANAGEMENT ACCOUNTANT

One Accountant is envisaged who, in addition to the job requirements (8:01) and (8:02) above, will be required in particular :

1. By way of detailing 8:02 (1) above to be responsible for fulfilling service demands in relation to :
  - (a) Business planning/budgeting and implementation; establishing accounting systems and bookkeeping functions; recruitment of accounting personnel or resources; interpretation of and director/worker education in financial statements; taxation; computers.
  - (b) Production systems accounting and organization.
  - (c) Locating and obtaining finance.
2. To oversee the Agency's bookkeeping and be responsible for the production of the Agency's financial statements. This will entail working closely with the Administrator (see below).
3. To play an appropriate role in developing the business activities of the Agency.
4. To work towards orientating the Agency's management accounting service to the cooperative aspects, e.g. worker equity, as facilitated by the internal training programme.

### MARKETING PERSON

One marketing person is envisaged who in addition to the job requirements (8:01) and (8:02) above will be required :

1. By way of detailing 8:02 (1) above, to be responsible for service demands in relation to developing relevant marketing strategies; effective sales functions; feasibility studies.
2. To play the major role in the Agency's contribution to developing joint marketing activities between cooperatives with the aim of establishing subsidiary cooperative enterprises where appropriate.
3. To play an appropriate role in developing the business activities of the Agency.

### INFORMATION AND PUBLICITY PERSON

One communication-orientated person is envisaged who, in addition to the job requirements (8:01) above, will be required :

1. To take responsibility for (but not necessarily solely carry out) the development of the Agency's Information Base and its effective distribution. This will include :
  - (a) The development and gathering of relevant materials of all types (covering business and cooperative aspects), recognizing that the other Agency personnel have obligations to contribute.
  - (b) The housing and administration of these materials with assistance from the Administrator - i.e. a library of articles, books, videos and tapes.
  - (c) Devising and carrying out effective ways to distribute information to the Agency personnel and all of the Agency contacts.
  - (d) The production of a newsletter and the organization of an editorial Board.
2. To take responsibility for (but not necessarily solely carry out) any service demands in relation to job skill training.
3. To assume part responsibility for the Cooperative Development aspects (described below) with a particular emphasis on facilitating and partaking in forums between cooperatives. (This would include the administration of conferences). This would entail working closely and in conjunction with the Cooperative Development person.

### COOPERATIVE DEVELOPMENT PERSON(S)

It is envisaged that in the initial stages this function will occupy one half of a person's time (the other half covering the management technician's functions described below), working together with the Information and Publicity person as outlined above. When the possibility of a conversion cooperative arises a second full-time person will be required.

In addition to the job requirements (8:01) and (8:02) this function will include the following cooperative aspects :

1. Research into and development of a work cooperative model and in particular a legal model, and thereby the ability to service demands that are made in this area. It is envisaged that a substantial part of this work may be sub-contracted to a lawyer(s).
2. Developing the skills to teach (and teaching) cooperative principles and how to operate as a cooperative group. This in turn includes :
  - (a) Arranging and partaking in forums between cooperatives.
  - (b) Developing a course on "being a work cooperative".
  - (c) Direct involvement in particular work cooperative situations, e.g. collective decision-making; equity decisions.
3. Playing a major role in the internal training programme in cooperative aspects.

### MANAGEMENT TECHNICIAN

It is envisaged that this will occupy one half of one person's time (the other half as a cooperative development person) and will include taking responsibility for (but not necessarily solely carrying out) :

1. Facilitating and organizing the necessary reports to the Board of Directors including future planning and budget submissions.
2. Establishing and maintaining (working in conjunction with the Administrator) effective systems :
  - (a) To monitor the use of the Agency's resources and generating reports on actual achievement relative to planned activity.
  - (b) To enable fees to be charged where appropriate.

3. Working in conjunction with other appropriate Agency personnel, to make a needs assessment of a client's need to form the basis of a Service Agreement.
4. To facilitate the effective organization of the internal training programme for the Agency personnel.
5. To fulfill the service demands made of the agency for management expertise such as management planning and organization structures not covered by other job descriptions.

In addition, it is suggested that in the initial stages of the Agency's development the Management Technician will have the power and responsibility of management, with a brief to work towards the taking over of this power and responsibility by the Agency's workers group. (refer Management Structure 6:2).

#### ADMINISTRATOR

One Administrator is envisaged who in addition to the job requirements (8:01) above will be required :

1. To be responsible for the Agency's clerical needs including inward telephone and typing. There may need to be some sub-contracting.
2. To be responsible for the Agency's bookkeeping working in conjunction with the Accountant (above).
3. To maintain the Agency's recording systems working in conjunction with the Management Technician (above).
4. To maintain the Agency's Library working in conjunction with the Information and Publicity person.
5. Generally to assist in an administrative capacity.

9:0 FINANCE: WITH WHAT FINANCIAL RESOURCES OUGHT THE AGENCY TO BE EQUIPPED?

---

Being at this stage very much a proposal, where therefore the contents and time of implementation are not yet certain, the following is an estimated approximate costing to set up and run a Cooperative Development Agency for one year along the lines outlined. Funding of the proposal would be sought from the Ministry of Employment and Training's Cooperative Development Programme subject, of course, to the results of its current evaluation.

### Salaries

Four Personnel: Management Accountant, Marketing Person, Publicity & Information Person, Management Technician/Cooperative Development Person, at an upper average salary of \$26,000 plus one Administrator at an upper salary of \$18,000.

	\$	\$
	122,000	

### Overhead and Operating Costs

Including :

- |  |        |         |
|--|--------|---------|
| 1. Rental of offices 1,400 sq.ft. (\$14,000) |        |         |
| 2. Conference costs (\$10,000)               |        |         |
| 3. Newsletter production (\$7,000)           | 85,000 | 207,000 |

### Consultants (note 3)

Including :

- |  |        |         |
|--|--------|---------|
| 1. Limited payments for facilitating educational courses (e.g. TAFE) (\$6,000) |        |         |
| 2. Contractual Lawyer(s) (\$10,000)  | 20,000 | 227,000 |

### One-Off Set-Up Costs

Including purchase of office furniture, job advertising and video equipment

10,000	237,000
--------	---------

### Expansion

The estimated annual cost of the extra Cooperative Development person with associated costs

33,000	270,000
--------	---------

NOTES

1. These estimates are based on 1983/84 financial year prices.
2. These estimates do not take into account any income from fees for service or any other business activity.
3. The estimated allowance for expenditure on consultants is intended to assist the Agency to carry out its work and is not intended therefore to directly cover the charges of consultants to cooperatives such as marketing, educational courses and so on. This is in line with current practice where cooperatives can include these anticipated charges in their submission for funding under the Cooperative Development Programme. Especially in the case of educational consultants (e.g. TAFE) there is possibly the need for a separate mechanism whereby these services can, in part or whole, be covered other than by funding submissions (especially if non-funded cooperatives are to have access to the Agency). The Agency itself could of course administer such extra funds.
4. These estimates do not attempt to cover any costs associated with the additional objects (5:3) (A), (B) and (C), e.g. Research and Development of products which would be an expensive item.

## 10:0 APPENDIX I: REFERENCES LISTED

---

The following documents, which were used as resource material for this Draft Proposal, are available for your study upon request.

- . "COMMON OWNERSHIP DEVELOPMENT AGENCY": N.S.W. Worker Cooperative Development Agency, 1983. A briefing paper for potential subscribers to an incorporated body to provide technical assistance to the N.S.W. Worker Cooperative Programme.
- . Jeff Carruthers, LOCAL COOPERATIVE DEVELOPMENT AGENCIES IN THE U.K., Report to the N.S.W. Worker Cooperative Development Agency, February 1983.
- . Alan Taylor, MAKING THE MOST OF WORKERS' COOPERATIVES - THE LOCAL AGENCY APPROACH, Socialist Environment and Resources Association, SERA - U.K.
- . P. Cockerton and R. Baily, COOPERATIVE AGENCY PROJECT, Feasibility Study for a Cooperative Development Agency in Milton Keynes, Occasional Paper No. 2 - Cooperatives Research Unit, The Open University, U.K.
- . BRENT COOPERATIVE DEVELOPMENT AGENCY. An Application for Financial Support Through the Urban Programme as an Industrial Commercial Project, U.K., August 1979.
- . Manuel Sykes, COOPERATING IN EMPLOYMENT CREATION, Industrial Common Ownership Movement, U.K., 1982.
- . Roger Sawtell, HOW TO CONVERT A COMPANY INTO AN INDUSTRIAL COOPERATIVE, Cooperative Development Agency, London, 1979.
- . Also promotional material from -
  - LAMBETH COOPERATIVE DEVELOPMENT AGENCY U.K.
  - WANDSWORTH ENTERPRISES DEVELOPMENT AGENCY U.K.
  - INDUSTRIAL COMMON OWNERSHIP MOVEMENT LTD. U.K.